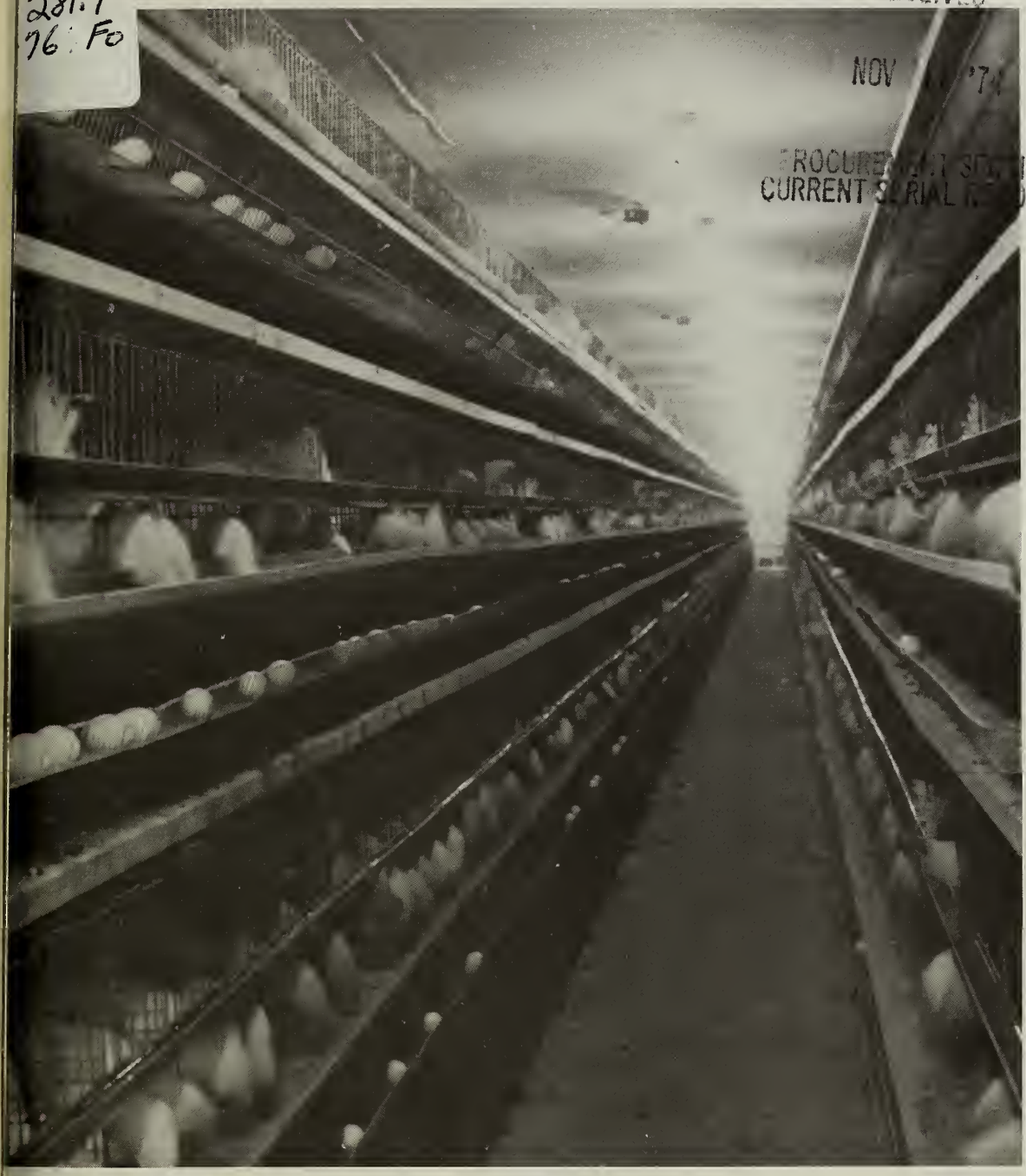
FOREIGN AGRICULTURE



Egg-laying operation, Canada.

November 4, 1974

French and Italian Fruit Exports Cut

Spain's Heavy Lamb Program

Foreign Agricultural Service
U.S. DEPARTMENT OF AGRICULTURE

FOREIGN AGRICULTURE

Vol. XII • No. 44 • Nov. 4, 1974

In this issue:

This week's cover:

The tranquillity of this egg-laying house in Ontario Province, Canada, belies the turmoil that has surrounded Canada's recent attempts to support its egg and turkey markets, described page 7.

The Secretary of Agriculture has determined that publication of this periodical is necessary in transaction of public business required by law of this Department. Use of funds for printing *Foreign Agriculture* has been approved by the Office of Management and Budget (May 14, 1974). Yearly subscription rate: $20.00 domestic, $25.00 foreign; single copies 45 cents. Order from Superintendent of Documents, Government Printing Office, Washington, D.C. 20402.

France's 1974-75 Deciduous Fruit Output and Exports Seen Lower

By BRUNO JULIEN
Office of U.S. Agricultural Attaché
Paris

FRANCE'S DECIDUOUS FRUIT output hit a record high level last year causing marketing problems because of overproduction. In the 1974-75 crop year (beginning July 1) the fruit crop is projected to be a fifth smaller and market conditions are expected to be more nearly normal, although prices are higher. Because of the smaller fruit availability, exports in 1974-75 will also be down.

Total deciduous fruit production in 1973-74 was 3.77 million tons. But because of frosts in May and June of 1974, and the alternate bearing characteristics of the fruit trees that normally cause a smaller crop to follow a big one, 1974-75 production is projected at only 2.98 million tons, less than France's average annual deciduous outturn. (All tons are metric.)

Despite expected higher fruit prices this year, French farmers are dissatisfied. They believe past increases were too small because of the abnormal pressure exerted by imports from third countries, and they hold the French Government and the European Community largely responsible. This attitude has caused some farmers to demonstrate against imported fruit, mainly peaches and pears from Spain.

Many French producers believe the EC is too liberal in its fruit import policies, so they are asking for increased protection. They are especially concerned over negotiations between the Community and Mediterranean countries. The Government reacted to the farmer demonstrations in southern France by getting the EC to halt peach imports between July 1 and 14. But at the beginning of the pear season, French producers demonstrated against pears imported from Spain and several shipments were destroyed.

Producers also criticize the fruit distribution system, claiming that many times, when production prices are stable or dropping, retail prices are rising, causing too wide a margin between the two. In general, the farmers say the French Government has not adopted policies that defend the country's food producers.

The Government recently allocated $1.03 million to the French intervention organization (FORMA) for the promotion of fresh fruit sales in France during the 1974-75 season and $5.6 million to improve equipment at the fruit packing station belonging to producer groups. But many producers believe this amount is insufficient to offset the effects of inflation. They have also asked the Government for low-interest loans and other fiscal arrangements.

The Ministry of Agriculture recently explained that the Government has a long-range plan to reorganize fruit production in France by enlarging producer groups concerned with marketing and controlling the fruit supply. (Organized groups of producers represent around 50 percent of the total fruit production in France.) However, the producers have adopted a wait-and-see attitude.

Production. The French Ministry of Agriculture has forecast a 20 percent drop in the 1974-75 **apple** crop, compared with that of 1973-74. The pending crop is projected at 1.6 million tons, down from the previous season's 2 million tons. Producers' organizations are less pessimistic and anticipate a decrease of only 10-15 percent.

HOWEVER, BECAUSE of the unfavorable climatic conditions, much of the 1974-75 crop was russeted and frost damage widespread. These will undoubtedly affect the size of the marketable crop.

Apples are produced mainly in three areas—the southeast, the southwest, and the Loire Valley, with nine Departments producing 56 percent of France's total crop. Apples are harvested from the beginning of July in the southeast to mid-November in the Loire Valley. France is the EC's top apple exporter.

Golden Delicious apples are France's most important variety, being produced in seven principal regions, but their percentage of the total production is dropping—from 73 percent in 1973-74 to 71.5 percent this season. Other varieties and their percentages of production are: Red American, 12 percent; summer apples, 4 percent; with miscellaneous varieties making up the balance.

The French producer association thinks that European apple production is generally going to stabilize in the coming years, except during some years of overproduction. But greater changes will have to be made to decrease the share of Golden Delicious in the total production if a better varietal balance is to be reached.

Above, freshly picked cherries being sorted at the orchard in France's Yonne Department; a pear orchard near Paris, left. Both production and exports of cherries and pears are expected to be lower in 1974-75 than a year earlier. However, market conditions are expected to be more nearly normal and prices higher for these and all other French fruit crops because of their smaller availability.

FRANCE IS THE SECOND largest **peach** producer in the European Commu- after Italy, with production concentrated in the southern part of France, mainly in the lower part of the Rhône Valley and the southwest where seven Departments produce 80 percent of the crop.

French peach production is expected to be down by about 25 percent—452,000 tons in 1974-75, compared with 598,000 tons the season before.

The early spring frost, in addition to cutting production, resulted in a generally below-average quality with more smaller sized peaches than usual, and a large percentage of broken stones. Climatic conditions also complicated the supply situation because it caused different regions to market their fruit at the same time at the beginning of the season, creating a glut.

About 30 percent of production is composed of white varieties: Mayflower, Springtime, Ribet, Asden, Charles Ingouf, and Michelini; the rest is composed of yellow varieties: Earlired, Cardinal, Dixired, Redhaven, Fairhaven, Elberta, and J. H. Hale. With so many varieties grown in France, only two—Dixired and Redhaven—attain as much as 10 percent of total production. But the wide selection permits a longer harvesting season.

Until recently, peach production has been expanding because of heavy plantings between 1960 and 1965. But after many overproduction crises, the producers have reduced the size of plantings and acreage is for the moment stable. However, current new plantings are not sufficient to replace aging orchards. So around 1975, producers believe production potential will decrease and peach output will probably level off at around 500,000 tons.

Production associations are expected to undertake a program to rejuvenate peach orchards and to better adjust production of the different varieties to the demand. The first plantings will probably take place in the winter of 1975; however, such a move cannot guarantee absolutely stable output. Production of the various varieties fluctuates widely—from as much as 20 percent under normal to as much as 20 percent over—largely because of climatic conditions.

France's third most important deciduous fruit, **pears,** is produced primarily in three areas—the Rhône Valley, the southwest, and the Loire Valley, where nine Departments produce 60 percent of the crop. Heavy production decreases are forecast in several regions—61 percent in Rhône-Alpes, 36 percent in the Languedoc-Roussillon, and 25 percent in the Midi-Pyrénées and Provence. Total production in 1974-75 is expected to be about 382,000 tons, compared with 483,700 tons a season earlier.

Summer pears are represented by two varieties—Docteur Jules Guyot and Williams. Autumn pears are mainly Beurré Hardy, Conference, and Doyenné du Comice varieties, and winter pears consist of one variety—Passe Crassane.

According to the Ministry of Agriculture's latest census in 1969, France's total pear tree area was 66,700 acres, half summer varieties and the remainder autumn and winter varieties. Large plantings of summer varieties occurred around 1960 and production had been growing rapidly during the past few years, but as most of the recently uprooted trees—8,890 acres—were summer varieties, their production is now leveling off. However, production of autumn and winter pears is cur-

rently increasing because trees planted after 1960 are now coming into production.

France is the EC's second largest table **grape** producer, but it ranks far behind Italy which produces three to four times more. Production is located in the south of France along the Mediterranean Sea and along the Garonne Valley in the southwest. Seven Departments produce about 90 percent of the total output, which in 1974-75 will amount to about 245,000 tons, 10 percent less than the 1973-74 crop.

The main varieties grown are: Chasselas, Cinsault, Muscat de Hambourg, Servant, Cardinal, Alphonse Lavallée, Dattier de Beyrouth, Italia, Muscat d'Alexandria, and Gros Vert. Grapes are mainly picked during August, September, and October.

Table grape area has dropped in recent years, down from 127,000 acres in 1968 to 107,000 acres in 1972. This is because table grapes are generally produced as a complementary crop to wine grapes by small farmers who do not specialize in table grape production. Harvesting and packing conditions are not of the best, and producer control is limited because of their large number. Also some varieties for fresh consumption are not grown in France.

The 1974-75 **cherry** crop is projected at 96,700 tons, down from 105,000 tons the previous year. Average commercial production is around 90,000 tons, of which 20,000 tons are destined for processing. The 1974-75 season began in mid-May and finished at the end of June. The crop's quality was good.

Eighty percent of France's cherries are produced in the southeast with three Departments—Vaucluse, Gard, and Bouches-du-Rhône—growing 50 percent of the total. Two varieties—Burlat and Moreau—make up 40-45 percent of the total crop, with another 20 percent represented by the Napoleon variety, mainly used by the processing industry. Other main varieties are: Coeur de Pigeon, Reverchon, and Marmotte. Cherry acreage is currently stable.

Apricot production averages about 95,000 tons, but is variable depending on the weather. Because of the May frost, the 1974-75 crop is expected to be at the lowest level in the past 10 years—51,300 tons, compared with 128,000 tons last season.

Apricot orchards are located in the south of France along the Mediterranean Sea where two Departments produce 60 percent of the crop. The harvest begins in early June and ends in mid-August. The varietal composition includes: Rouge de Roussilon (30 percent), Polonais (32 percent), Canino (10 percent), Bergeron (9 percent), and other varieties (19 percent).

Apricot acreage is currently stable, but the producer association thinks that it must be expanded. It claims that because apricots are only produced in the Mediterranean area, the risk of overproduction is less important than for most other fruits.

The current **plum** production estimate predicts a decrease of 20 percent compared with the previous season—from 79,000 tons in 1973-74 to 63,200 tons in 1974-75. Plums are mainly located in the southwest, the lower Rhône Valley, and in the northeast.

From 35-45 percent of the plums are the Reine-Claude variety, the remainder are mainly Japanese. The main varieties in the northeastern part of France are Mirabelles and Griottes, primarily used for processing but also sold as fresh fruit. Plums are marketed mainly during July, August, and September.

France is the EC's second largest **strawberry** producer, but trails far behind Italy which produces about twice as much. France's 1974-75 commercial strawberry production is estimated at 70,000 tons—25,000 tons in the southeast, 22,000 tons in the southwest, 16,000 tons in the Loire Valley, and smaller amounts elsewhere. Due to the frost, the crop was late and picking began in early May. Dry weather shortened the harvesting during May and June and the quality of the crop was just average.

Normally the season is from early May to mid-July. Currently producers

Poor Weather, Lower Demand Plague Italian Apples and Pears

ITALY'S IMPORTANT apple and pear crops have been dealt a double blow this year by production setbacks and reduced demand. The industries thus continue in the depressed situation that began about midway last season, while export prospects for the crops promise little help toward improving the foreign exchange deficit that is currently strangling Italy's economy.

The production decline, caused by unfavorable weather this spring, will amount to close to 10 percent for each crop, while demand in 1974-75 is being curtailed by a squeeze on family budgets both in Italy and abroad. This lower demand is reflected in continuing weak prices, despite the anticipated smaller production.

Both crops are important to Italy as foreign exchange earners—together earning $140 million in 1973—although this trade has run into difficulties over the last few years. Once the top European apple shipper, Italy in recent years has taken second place to France—a country whose soaring apple production and trade have displaced many an exporter. At the same time, Italian pear producers have been plagued by periodic European surpluses and resulting production dislocations—problems to which they are especially sensitive since Italy ranks as the top European exporter of pears. Both of these crops go largely to other members of the European Community.

Apples. In contrast to last season's optimistic beginning, the Italian apple industry entered 1974-75 on a pessimistic note.

Persistent rains in April-May caused extensive fruit dropping, resulting in a 1974 crop that is estimated off 10 percent from last year to 1,838,000 metric tons. Most of the decline has taken place in Colored Delicious varieties, off 15 percent to 400,000 tons; Imperators-Rome Beauty, 7 percent to 370,000 tons; and Golden Delicious, 4 percent to 510,000. A 15 percent gain is estimated for Gravenstein, but this variety still totals only about 21,000 tons.

Apple area, on the other hand, has remained relatively stable, although there have been some new plantings of Delicious (dwarf type), Granny Smith, and Democrat.

Although it is still rather early to forecast what the new marketing season will bring, preliminary indications are not promising. Price quotatons for the

are not growing early varieties that could compete with imported strawberries of better quality. They prefer to improve the quality of their current varieties, especially by increasing berry size to reduce labor costs.

France's main strawberry varieties currently being grown are the Red Goundolet and Gorella varieties, making up 70-80 percent of total production. Since development of plastic, cultivation of strawberries has increased substantially in France and production under glass has decreased. Now around 60 percent of France's strawberries are grown in plastic tunnels and only 40 percent in open fields.

Marketing. The 1973-74 **apple** marketing season was catastrophic, compared with the good 1972-73 season. With most European countries harvesting large crops and stiff competition from home garden apples, prices crashed—especially for Golden Delicious. Although apples are France's most commonly consumed fruit, domestic use did not increase during 1973-74 in spite of lower prices because of competition from other fruits. The intervention organization withdrew an estimated 247,000 tons from the market in an effort to boost prices; however, they remained low for most of the season, rising only at the end.

Exports between July 1973 and May 1974 amounted to 619,000 tons, compared with 558,000 tons during the same period in 1972-73. Of the total, about 86,000 tons of second quality apples were exported for processing, mainly to Germany. The EC took 87 percent of France's exported apples—541,000 tons.

Germany, with a total of 268,000 tons, was still France's No. 1 single customer in 1973-74, but it is expected to import slightly fewer apples this year because of its own good crop. Exports to the United Kingdom increased 20 percent to 132,000 tons in 1973-74. South America represented only a small outlet with 8,000 tons to Brazil and 5,600 tons to Venezuela. In coming years, French apple producers will try to reinforce the position of their fruit in the U.K. and Scandinavian markets.

EACH YEAR, AROUND 50,000 tons of apples are imported by France, mainly from Italy, the Netherlands, and Belgium. During 1973, 8,000 tons were also imported from South Africa, 1,200 tons from the United States, and 1,000 tons from Argentina.

The outlook for the 1974-75 apple marketing year is very optimistic because of the expected lower production that will probably bring higher prices and limited withdrawals by the inter-

---

September-October harvesting season were expected to be some 10 percent below the 1974 level, mainly because of the reduced consumer demand. At the same time, producers continue to be squeezed by rapid inflation and the high costs of labor and pesticides.

As a result of the weak demand for fresh apples, dehydrators and processors may increase their takings, with costs lower or equal to those of last year. The trade outlook currently is for an export of 370,000 metric tons in 1974-75 (August-July)—17 percent above the reduced level of 1973-74 but only 4 percent more than the previous 5-year average.

Far the largest market is West Germany, generally taking close to 60 percent of exports. Other outlets are Austria, France (which also exports apples to Italy), East Germany, Switzerland, and the United Kingdom.

The problems this season continue those that developed midway in 1973-74 following initial high hopes for a repetition of the good performance in 1972-73. Instead of turning out to be an unusually good year, 1973-74 saw prospects steadily dim. Sluggish activity required the Apple Producers Association to withdraw some 105,000 tons of apples from the market, mainly second-quality fruit destined for the alcohol distilleries. And through April, exports were running nearly 50 percent below those of 1972-73. They subsequently recouped some, but still ended the season 30 percent below 1972-73 to an estimated 315,000 tons.

Pears. The spring rains also affected pear setting, dropping production some 9 percent this year to an estimated 1,435,000 tons. However, the damage has not been even. Output in the leading producing region of Emilia actually has fallen only about 4 percent, while that in the regions of Piedmont and Alto Adige in the north and Campania in the south may be off 25-30 percent.

Also, summer varieties are estimated down just 4 percent to 503,000 tons, while fall varieties are seen falling 14 percent to 422,000 tons, and winter varieties 9 percent to 510,000 tons. The largest decline is in the Abbais Fetel variety, off an estimated 21 percent to 179,000 metric tons, while output of Bartletts (used for canning) is expected to rise 12 percent from last year's low level to 196,000 tons. Declines of about 7 percent are seen for most other varieties.

Quality of fruit, however, is expected to be good as a result of favorable growing conditions during the summer.

Reflecting surplus problems in the recent past—and resulting incentives to reduce plantings—pear acreage in Italy is declining. Specialized pear orchards in 1973, for instance, totaled 147,000 acres, 3 percent less than in the previous year.

Poor market conditions are having much the same effect on pears as on apples. At the start of the 1974-75 (July-June) season, prices for Early Williams were being quoted at 65-70 lire per kilogram in major areas, or about 20-30 lire less than during the same time last year. The situation also reflects weak demand for peaches.

Because of the low prices, the canning industry is expected to increase the volume of its purchases.

Fresh pear exports may reach 280,000 tons, compared with 255,000 in 1973-74, although it is still too early to make solid forecasts.

As with apples, the 1973-74 season went from good to bad as it progressed, and shipments that year ended off 11 percent from the 1972-73 level. In fact, exceptionally weak demand during Christmas for Bosc and Abbais Fetel varieties resulted in financial losses for a number of producers. Also, the Pear Growers Association had to intervene heavily in the market, withdrawing some 260,000 tons of pears that subsequently were made available to alcohol distilleries. And by May 1, 1974, pears put in cold storage had risen some 80 percent to 52,000 tons.

Major markets for Italian pears are West Germany, taking about half total shipments, generally followed by France, the United Kingdom, Austria, and the Netherlands.—*Based on report from Office of U.S. Agricultural Attaché, Rome*

vention agency. Exports are expected to be at a relatively high level—around 500,000 tons—but under last year's level due to lower supply.

Peach exports during 1973 were at a record high of 76,400 tons, going mainly to EC countries. Germany, as usual, was the top customer, taking 41,300 tons. Following in descending order were Belgium (11,700 tons), the United Kingdom (10,500), and the Netherlands (9,000 tons).

During 1974, French peach exports will be reduced considerably—there are forecasts of a top level of 40,000 tons—in part because of lower French production but also due to competition from Greek and Italian peaches, especially in Germany.

During 1973, France imported 6,300 tons of peaches—early ones from Spain and later ones from Italy.

Also during 1973, 20,000 tons of peaches were withdrawn from the market and destroyed. During 1974, only 3,000 tons were destroyed early in the season because of competition from imported peaches. The destroyed peaches were mostly of second quality with broken stones.

The 1973-74 **pear** export season was very good. A record 80,000 tons of pears were exported, compared with only 51,000 tons the previous year, and exports are expected to continue to rise in coming years, according to the French producer association. Because of 1974's smaller production, however, this season's exports will be reduced considerably to 30,000-40,000 tons.

The summer pear variety—Williams—represented three-fourths of France's exports during August and September. The increase in exports to West Germany and Great Britain was particularly noticeable.

Imports declined to 37,600 tons in 1973-74, compared with 55,000 tons the previous year. Imports came from Italy (24,600 tons), Spain (2,600 tons), Australia (6,500 tons), and 1,970 tons from the United States, compared with nothing the previous three seasons.

Total exports of table **grapes** were at a good level in 1973 with 30,024 tons, compared with 19,000 tons a year ago, but they were balanced by increasing imports from Mediterranean countries of 20,747 tons, compared with 12,900 tons a year earlier.

During 1974, a promotional campaign for table grapes was scheduled for the Paris area to stimulate grape consumption after the holiday period in August, to prevent some of the excess table grapes from being used for wine making, as is usually done.

Spraying a French orchard in France's Pyrenees-Orientales Department on the Spanish border. Much of the country's output of major fruit crops is grown in this region, which benefits from yearlong mild weather.

French fresh **cherry** exports amounted to 6,300 tons in 1973; during 1974, exports should also be around 6,000 tons. Imports were small, amounting to just 1,300 tons during 1973.

In 1973-74, **apricot** exports were about 14,000 tons, while imports were some 3,700 tons. Apricot exports will probably be small during the 1974-75 season, not only because of reduced output, but also because French apricots cannot compete on foreign markets with apricots from Tunisia, Morocco, Italy, Spain, or other Mediterranean countries.

IMPORTS WILL PROBABLY be above the 1972 level of 5,000 tons, and the processing industry will have to cut its production to less than the previous year's.

Plum exports in 1973 were lower than those of 1972, 8,000 tons, compared with 9,300 tons, but this was compensated by a reduction in imports from 7,500 tons to 3,700. Exports in 1974 are expected to decline still further, compared with last year.

During 1973, **strawberry** exports—at 2,830 tons—were lower than the record 6,000 tons of a year earlier, mainly because of the storms in south France. In 1974, exports are also expected to be under the 6,000-ton mark because of the short picking season and intense competition on EC markets from Italian strawberries.

In coming years, French producers expect to expand their exports to their present major customer—Germany. But they will try to get their strawberries on the market later to be able to sell on the German market after the Italian season wanes. Another effort to boost exports will be made by producers in Brittany who expect to expand sales to the United Kingdom.

France imports strawberries before and during the early part of its season—from March to July. In previous years, imports have been increasing, rising from 1,106 tons in 1968 to 3,237 tons in 1973. Israel and the United States are the two main suppliers from March to May, shipping berries into the French market before that country's harvest. During the season, strawberries are imported from Belgium and Italy.

The French have trouble competing with early imports, and this competition is expected to increase as Mediterranean countries, such as Morocco, enter the market.

Canadian Turkey and Egg Glut Cuts Imports From United States

By ROLLAND E. ANDERSON
Foreign Commodity Analysis,
Dairy and Poultry
Foreign Agricultural Service

CANADA'S RECENT venture into stabilizing egg and turkey marketing is rapidly creating surpluses of these products, in turn sending shock waves into its major poultry trading partner—the United States.

The problem revolves around high minimum prices offered by Canada's egg and turkey marketing agencies, which have discouraged consumption and encouraged producers to increase output sharply. So great has been their expansion, in fact, that storage facilities are bulging with excess stocks—some of which have had to be destroyed—and the Canadian Government has turned to export incentives and import quotas to regulate supplies.

These trade moves have directly affected the United States, sharply boosting Canadian egg exports to this country at a time when imports of both U.S. eggs and turkeys have been restricted by quotas.

The difficulties date back to creation of the Canadian Egg Marketing Agency (CEMA) in mid-1973 and the Canadian Turkey Marketing Agency (CTMA) in December 1973, with the intended purpose of stabilizing markets for the affected products. Included in their resulting programs were minimum producer prices which at times were some 10-15 cents (per dozen and per pound, live weight) above U.S. prices for eggs and turkeys.

These high prices stimulated production while pricing Canadian eggs out of the U.S. and other markets.

Canadian turkey production through the first 8 months of this year, for instance, rose nearly 20 percent above that of the 1973 period and 27 percent above the 1969-73 average. This expansion—expected to boost total Canadian turkey production by about 10 percent in 1974 to 238 million pounds—has caused turkey meat stocks to skyrocket.

As of July 1, 1974, poultry meat stocks were nearly 82 million pounds—60 percent above those of a year earlier. Of this, 39.8 million pounds were turkey meat—more than double the level of a year earlier. And such stocks had risen to about 50 million pounds by August 1974.

Weekly average Canadian egg output reported by registered stations climbed by about 4 percent in the first 8 months of 1974 from the same period of 1973 and by over 9 percent from the 5-year average. This, in turn, prompted CEMA to take drastic measures aimed at maintaining high producer prices.

Accordingly, CEMA started buying up "over quota" surplus eggs, then selling them at a loss to breakers (processors) in the United States and Canada.

It has also destroyed large amounts of stockpiled eggs that were either too old or poorly stored. On September 12, it announced that nearly 28 million such eggs had been destroyed, at the same time raising the producer price and the price of eggs to Canadian processors. The Canadian Government also agreed to buy $1.3 million worth of eggs to donate to the World Food Program.

CANADIAN processors attacked these measures, as well as CEMA's policy of shipping fresher eggs—because of export requirements that eggs not be older than 6 weeks—to the United States. The inference was that CEMA had allowed eggs to be destroyed and had heavily supplied the export market and foreign aid outlet in order to reduce supply and justify price increases to breakers.

These were further seen as moves by CEMA to alleviate financial problems caused by its stabilization policies. Even though producer levies to help finance CEMA operating costs have risen from about 1 cent per dozen at the start of the program to 9 cents, CEMA by end of September 1974 had a debt estimated at around $10 million.

The National Farm Products Marketing Council, in response to the egg destruction, announced September 10, 1974, that it had hired an auditing firm to expand examination of CEMA's policies and marketing programs. In addition, consumers have begun to react, with the Food Prices Review Board and the Consumers Association of Canada spearheading attacks on the Government egg policy.

Besides their domestic actions, the marketing organizations had pressed the Canadian Government to restrict imports of eggs and turkeys through quotas. As a result, the Government on May 9, 1974, imposed quotas on imports of shell eggs, powdered eggs, frozen egg products, turkey parts, eviscerated whole carcass turkeys, and live turkeys. The quotas were based on the average monthly flow of these products into Canada over the last 5 years—levels which are significantly below imports from the United States in recent years.

The restrictions as worked out called for the quotas to be triggered when producer prices for eggs fell to or below 60 cents per dozen, basis Grade A large, Ontario, and when live turkey prices fell to or below 37.5 cents per pound, basis heavy toms, Ontario. Triggers also were set for prices on the U.S. side of the border but not published.

Import permits were to be issued freely when prices rose above these triggers, which eventually happened in the case of eggs causing import quotas to be suspended on September 16. Quotas can be reimposed when the price relationship between the two markets changes.

Quotas have not been lifted, however, for turkeys and turkey products.

The quotas have caused U.S. egg and turkey meat shipments to Canada to decline drastically since May. U.S. turkey exports, which had been running 230 percent above those of a year earlier during January-April 1974, dropped to only 78 percent of the year-earlier level during May-July 1974. U.S. egg exports were similarly affected.

At the same time, Canadian egg shipments to the United States have risen sharply, averaging about 300,000 to 600,000 dozen per week since May 25, compared with virtually none between mid-March and mid-May. In fact, shipments to the United States through the first 8 months of this year were running

Continued on page 16

China Pushes Fertilizer Output To Reduce Its Big Imports

By JAMES R. SCULLEN
Foreign Demand and Competition Division
Economic Research Service

FACED WITH the rising costs of raw materials, plus potential loss of its top supplier, the People's Republic of China (PRC) is undertaking a fertilizer development program that could dramatically reduce its huge fertilizer imports. Included in the program is the import of complete fertilizer complexes, plus development of natural gas reserves for use in hydrogen production—moves that are intended to double the country's nitrogen fertilizer production within the next 5 years.

The world's largest fertilizer importer, the PRC currently must purchase abroad over $200 million a year of finished fertilizers, plus additional large amounts of phosphate rock, potash, and other needed raw materials. Together with domestic fertilizer production, this gives the PRC roughly one-twelfth of the world fertilizer supply. Yet the country is producing about a fifth of the world's grain and an eighth of the cotton.

These huge crops—which receive the lion's share of fertilizer in the PRC—reflect the vast production that is necessary to feed a population estimated as high as 850-900 million, or almost a fourth of the world total. The unrelenting pressure of this population, currently growing at a rate of about 2 percent annually, means that an additional 15-20 million people must be fed each year.

It also means that the PRC must make maximum use of cultivable land—a need which has translated into a longstanding dependence on intensive farming. In fact, because of multiple cropping, the practice of growing two or three crops per year on the same land, the actual sown area in the PRC recently was estimated at 371 million acres—40 percent more than cultivated area. The country cannot, therefore, greatly expand cultivated area to meet increased demand, as is the option in the United States and a number of other countries. Instead, expansion in Chinese agriculture must come largely from additional improving inputs—adequate water supplies, high-yielding varieties, and, of course, fertilizer.

But dependence on imports to meet these fertilizer needs is also coming into question. The worldwide energy crisis last year—with its attendant scarcity of petroleum-based fertilizers and soaring prices—provided the sobering picture of intense competition for a limited supply. At the same time, the PRC faces eventual loss of its top fertilizer supplier—Japan—as that country shifts more and more of its production to meeting internal needs.

Facing these challenges, the PRC in late 1973 contracted for the purchase of some 13 large fertilizer complexes, which within 4-5 years are slated to supply Chinese agriculture an additional 2.2 million metric tons of nitrogen a year—almost equal to about half of current domestic production and imports. If achieved, this will bring a major change in the world fertilizer market: the largest single importer of nitrogen fertilizer, substituting domestically manufactured products would reduce imports to much smaller amounts.

The complexes will include plants for the manufacture of ammonia (an intermediate product composed of 82 percent nitrogen) and facilities for converting ammonia into urea (a final product containing 45 percent nitrogen). They will come from the Netherlands, France, Japan, and the United States.

Contracts call for the plants to be installed before 1978, with Chinese technicians trained abroad, at a cost of about $500 million.

Before these projects can be successfully undertaken, however, questions about raw materials must be answered and the best locations found for the new plants in relation to the agricultural regions with the greatest fertilizer needs.

Coal, rather than natural gas or naphtha, has traditionally been the major source of hydrogen used in the production of China's nitrogen-yielding fertilizer. Like the United States and the USSR, the PRC has abundant reserves of coal, but there are serious drawbacks to using coal. First, production with natural gas or petroleum gas is much cheaper. The processes required for coal gasification are elaborate, and capital investment, maintenance, and operating costs are higher than for gas and petroleum-based plants.

Secondly, coal is needed for many industries in the PRC and has always been in short supply. Proven coal reserves are estimated as high as 70-80 billion tons; but annual production during the 1960's ranged from only 200 million to 300 million tons. Assuming 7.5 tons of coal are required (estimates are 5-10 tons) to produce 1 ton of fertilizer nutrients, the quantity of coal needed to produce 2.5 million metric tons of nutrients—the current level of production in China—amounts to 19 million tons. This is 6-7 percent of total annual coal production.

Were the PRC to use coal as the feedstock for new plants and not increase coal production considerably (30-40 million tons), the fertilizer industry might require as much as 15-20 percent of total annual production, too large a share in view of its limited output of coal.

Finally, nationwide production of ammonia from coal—reserves of which

Applying fertilizer on a rice paddy in the People's Republic of China.

are located largely in the three northern Provinces of Shansi, Hopeh, and Shensi—would mean high transportation costs to industrial centers.

Partly because of such problems, the contracted ammonia-urea plants are designed to use natural gas as the raw material feedstock. Here again, however, the PRC has large petroleum and natural gas reserves, but much of these are located far from current production centers.

The largest known gasfields in the PRC are operating in the southern portion of the Szechwan Basin, along the Yangtze River. Two large-scale nitrogen fertilizer plants—the only ones now producing fertilizer with natural gas—have been constructed at Luchow and Chintang (Szechwan Province) to make use of these nearby supplies of gas.

The sites were chosen to enable these plants to supply both Szechwan and the rice-producing areas to the east. Since overall fertilizer needs of this area are great, it is reasonable to expect that one or more of the new complexes will also be located in the Szechwan Basin.

Sites for other complexes can only be surmised at this point. However, China may well be counting on new supplies of natural gas flowing from the arid basins of Kansu, Tsinghai, and Sinkiang or from the Shensi Basin, where exploration for oil and gas has recently started moving ahead.

Efforts to increase petroleum and natural gas production for use by the fertilizer industry also become entangled with foreign exchange needs, which the country may attempt to fill by expanding exports of these products. Toward this end, the PRC has rapidly expanded crude oil production in the last few years—from 26 million tons in 1971 to 50 million in 1973—but it is still unable to supply its largest customer, Japan, with the desired level of imports.

In line with the current commercial-developmental strategy, China has been purchasing well-drilling equipment. How effectively the PRC's petroleum and gas industry keeps pace with development in the agriculture and transportation sectors will determine to a considerable extent the pace at which China can progress on its current fertilizer plans.

Phosphate and potassium fertilizer requirements are much less of a challenge than nitrogen requirements. In fact, preoccupation with the problem of supplying greater amounts of nitrogen has actually led to an imbalance in consumption of chemical nutrients.

Currently, nitrogen accounts for about 71 percent of total nutrients consumed; phosphate, 21 percent; and potash, 8 percent. Although China's soils are more nitrogen deficient and application of organic fertilizer helps somewhat to correct the balance of nutrient consumption, China still faces the requirement of supplying more phosphate and potassium to maintain necessary ratios of application.

Although the situation has been improving, in 1958 the ratio of nitrogen to phosphorous being applied to Chinese soils was 8:1 compared with a target in the second 5-year plan (1958-62) of 2:1.

The PRC's estimated reserves of phosphate rock are more than adequate to maintain the current rate of phosphorous fertilizer production. The shortage of sulphuric acid, which is used in the production of super-phosphate, the most common phosphorous fertilizer, would seem to be the principal constraint on increasing supplies of phosphorous fertilizer. Sulphuric acid is needed in many other industries, and especially in military production. The exploration and extraction of many natural resources, including phosphate rock, have barely begun in China.

China's imports of nitrogen fertilizer have come from three main sources: Japan, Western Europe, and the Persian Gulf States, which due to their proximity to needed raw materials have more recently joined the ranks of major fertilizer exporters. Since both Japan and Western Europe must import what-

Continued on page 16

Heavy Lamb Bolstering Spanish Sheep Industry, U.S. Feed Sales

By FRANK A. PADOVANO
Foreign Market Development, Grain and Feed
Foreign Agricultural Service

SPAIN'S ONCE-FAMOUS sheep industry appears on the verge of recapturing its former position as a major factor in the nation's agriculture. Prompting this development is the growing production of fed, or "heavy" lamb, which in addition to helping revitalize sheep raising in Spain is boosting demand for U.S. corn, soybeans, and other feed ingredients.

In contrast to its historical prominence—at its peak in the 15th century when Spanish development of the Merino revolutionized world wool production—the country's sheep industry in the recent past was in a static state.

The Spanish Government, increasingly concerned about underutilization of this valuable resource, began a few years ago to look into ways of improving the industry, receiving help in the process from the U.S. Feed Grains Council.

The remedy came in the form of the Council's introduction of commercial sheep production on a basis similar to that used for cattle and swine. The concept centers on producing a heavy lamb weighing about 65 pounds within 3 months. The resulting animal, called "Trimex 30," is a cross between the Ile de France (a French meat breed) and one of the two predominant Spanish wool breeds, Merino or Talaverana.

Heavy lambs are weaned at an early age (4 to 5 weeks) and are fed a very high-concentrate diet under confinement conditions. The roughage-free ration usually contains about 40 percent corn, 25 percent barley and oats, 20 percent soybean meal, and 15 percent other ingredients including minerals. Lambs nurse twice daily and are offered feed pellets beginning the first day.

Trimex 30 lambs, which are mostly uncastrated males, are slaughtered at 3 months of age after reaching about 65 pounds.

The rate of gain is so fast that very little fat accumulates in the red muscle and male secretions are minimal, thereby eliminating the typical "mutton" flavor. The meat is very tender and has the desirable characteristics of the suckling lamb.

Traditionally, Spaniards have preferred either the suckling lamb, an animal under 2 months with an average weight of 15 pounds, or the Pascual lamb which ranges from 4 to 7 months and averages 25 pounds.

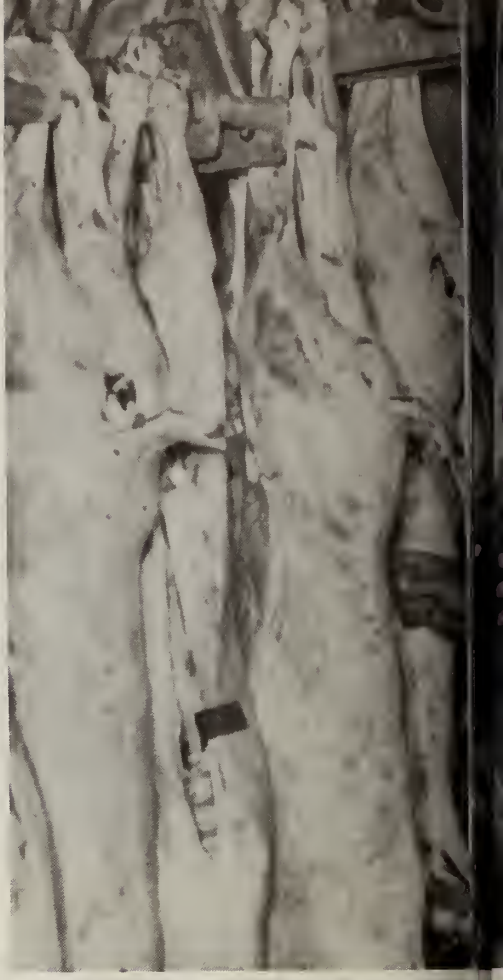
Introduction of this new program by the U.S. Feed Grains Council in 1970 involved obtaining cooperation from many official and private organizations. The basic objective was to show how crossbreeding and high-concentrate diets could improve meat quality. An important aspect of this program centered on feeding trials designed to demonstrate the value of sound management techniques.

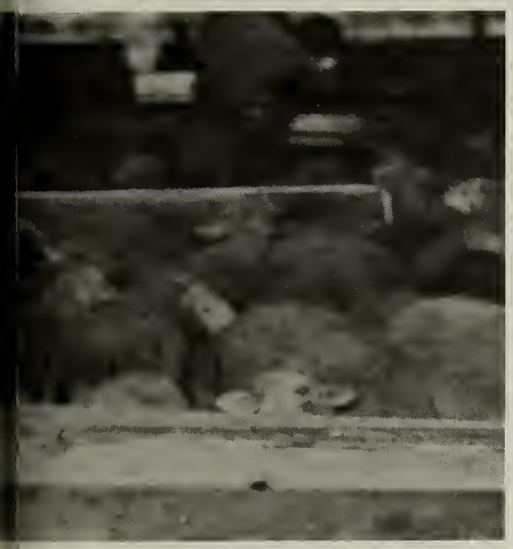
ALTHOUGH THE program is only in its fourth year, the results to date have been very encouraging. In 1973, 1.5 million heavy lambs were slaughtered, and that figure is seen more than doubling to 3.5 million in 1974. Assuming 100 kilograms (220 lb.) of mixed feed consumption per head, the heavy lamb program will require about 350,000 metric tons during 1974.

Spanish officials are so enthusiastic about the potential of heavy lamb that FORPPA (Funds for the Regulation of Farm Products and Prices) established a financial incentive program aimed at encouraging increased heavy lamb production. The program includes a premium of 25 pesetas per kilogram (about 20 US cents per lb.) for all lambs that are 5 months or less of age, have a carcass weight of at least 29 pounds, and have been fed exclusively on concentrates.

The U.S. Feed Grains Council was instrumental in helping to create a National Association of Heavy Lamb Producers. In addition, the Government is encouraging producers with less than 1,000 head to form local heavy lamb associations. Incentives include technical assistance, subsidies for purchases of breeding stock, and a direct subsidy of $4.50 per ewe. These associations must have at least 4,000 sheep and an accompanying feedlot that has the capacity of handling 1,800 lambs simultaneously.

Once it became apparent heavy lamb production was gaining popularity, efforts were begun to convince butchers and consumers to accept and utilize this product and to overcome traditional consumer prejudice against heavy lamb





Clockwise from top left: Clarence L. Miller (r.), U.S. Agricultural Attaché, Madrid, examines Spanish heavy lamb carcasses; flock of the Ile de France breed—a type that is crossbred with native wool breeds to develop the "Trimex 30" for fed lamb production; feedlot of a major producer near Talavera de la Reina; and measuring out feed rations, which usually include corn, barley, oats, and soybean meal.

because of its "mutton taste." Accordingly, the Government budgeted $400,000 for a consumer-education program involving various aspects of processing and distribution.

The U.S. Feed Grains Council has cooperated with Spanish authorities in sponsoring consumer-oriented promotions, which included demonstrations by butchers, chefs, and housewives emphasizing ways of cutting, preparing, and cooking heavy lamb. In cooperation with the National Butchers Association, the Council has made presentations to butchers demonstrating the improved quality, uniformity, and value of heavy lamb. Similar promotional efforts are planned for the 1975 Madrid International Fair (Feria del Campo).

Although the program already has had a substantial impact on Spain's sheep industry, there is room for much additional growth. In fact, it has been predicted that by 1980, Spain could be producing approximately 10 million heavy lambs. This would represent a mixed feed market of about 1 million metric tons—quite a development for only a 10-year period.

Besides the considerable social and economic benefits it has had for Spanish sheep producers, the heavy lamb concept could be applied to sheep industries in other European countries, such as Italy and France.

U.S. feedgrain and soybean producers stand to gain from these developments because of the increased foreign demand for their products. In short, the heavy lamb program holds potential economic and social benefits for both U.S. and European farmers.

Jet-Age Farmers Raise Crops On Amsterdam's Schipol Airport

By JOHN A. WILLIAMS
Assistant U.S. Agricultural Attaché
The Hague

A jet plane lands on Runway 06-24 at Amsterdam's Schipol Airport, while the dairy cattle, part of a herd of 62, remain undisturbed. This is one of several farms rented by the Airport Authority to dairy farmers.

AIRLINE PASSENGERS landing by jet at a large city airport do not normally see full-scale farming operations within the airport's boundaries. But at Amsterdam's Schipol Airport such sights are common.

The Schipol Airport Authority owns and leases to Dutch farmers six farms, three with buildings within the airport boundaries and an equal number outside. All but one of the farms have fields within the airport proper. These are generally located alongside or adjacent to principal or subordinate runways, or abutting principal or access roads.

Five of the farms also have land outside the airport boundaries. Only one of these is located at a distance from the airfield. Of the Authority's land holdings of 4,200 acres, 38 percent is devoted to farming. Three of the farms were built after the Authority took over operations from the Schipol Airport Division of the Municipality of Amsterdam; three were in existence at the time of the takeover.

Two of the six farms are mainly dairy operations. The four others are engaged in general agriculture, on which such crops as wheat, barley, grass, sugarbeets, potatoes, beets, and flax are raised in addition to fruit, rabbits, and chickens.

The Authority reports that activities connected with operation of the airport, or the noises and gases of the jets, have had no effect on either crops or cattle. In fact, Authority officials state that in 1970 one of the dairy farms had an average annual milk production of 13,120 pounds per cow, compared with a national average of 9,480 pounds. The farm's milk had a butterfat content of 4.21 percent, compared with a national average of 3.75 percent.

One of the dairy farms was built in 1957 by the Authority as an experimental operation. Cattle are sheltered by open structures which give access to the outdoors at any time. Except during the winter months, they are fed daily with fresh grass mowed from land alongside the runways and taxiways. This farm currently accommodates 85 head of full-grown cows (75 percent of which are listed in the Dutch Dairy Register) and 40 younger cattle, practically all of which are registered. The fields connected with this farm are located alongside runway 01R-19L, one of the airport's major landing areas. Fields are rotated annually between grass and agricultural crops.

THE OTHER DAIRY farm, built by the Authority in 1960, features the same type of open shed shelter, and is currently running 39 cows and 23 younger cattle.

The average area of the six farms is about 250 acres.

In addition to the farms, the Authority leases out a number of small parcels of land to four tenants whose farms are located elsewhere. One of these is a sheep walk, the rest are leased for agricultural purposes to the farmers who had the land before Schipol Airport took possession.

All of the farms are leased for 12 months at a time. Except for setting rules to insure that farming operations do not interfere with the smooth function of the airport, the Authority has only nominal control of the farms. The tenants, who determine what crops they will grow, and who finance their own operations and provide their own equipment, must keep their grounds and fields clean and handle seeding and harvesting in such a way as not to attract large numbers of birds.

Farmers make their land payments to the Authority on January 1 and July 1 at a level somewhat lower than the country's going rate, because of the restrictions imposed by the nature of the airport operation. For land of poor quality, or inadequately drained, a smaller rent is charged, if any at all is collected. Only after the land has been improved sufficiently to make it suitable for agriculture, is full rent charged. A fixed annual charge is made for farm buildings erected by the Authority.

The annual lease can be canceled if a tenant neglects the land or mismanages it. So far, no leases have been canceled.

About 10 years ago, the airport covered only about 1,725 acres, of which 1,075 were used for farming. Shortly before the latest major airport expansion in 1965, the airport grounds occupied 2,500 acres, of which 1,600 acres were leased. This is the level at which farming activities now stand, although the airport's area is about 68 percent greater.

CROPS AND MARKETS

SUGAR AND TROPICAL PRODUCTS

World Sugar Supplies Tight, Prices Up

The September sugar situation shows continued tight supplies and record prices. Beginning stocks for 1974-75 are still at a low level, although up slightly from last year's level. Production will be an estimated 83 million metric tons in 1974-75, about 1.5 million tons above consumption. Sugar now is coming on the market from the Southern Hemisphere countries. Hurricane Fifi, which hit Central America, had little effect on sugarcane. However, beet harvests in the United Kingdom, France, and the USSR may not be as large as earlier expected.

World prices (No. 11, f.o.b. Caribbean ports) averaged 34.35 cents per pound in September, up from 31.45 cents the month before. The U.S. spot price (N.Y. duty paid) averaged 33.71 cents and was also a record monthly price. Also contributing to the record 1974 prices are: The energy problem; the monetary crisis, low stocks in Canada and Japan during the first half of 1974; buying by Mideast countries; and uncertainties associated with the expiration of the U.S. Sugar Act at the end of 1974.

Nigeria Ups Prices To Cocoa Farmers

Beginning with the 1974-75 main crop, Nigerian cocoa farmers will receive 550 Naira per long ton (40 U.S. cents per pound) for grade 1 beans. This represents an increase of 37.5 percent over the 400 Naira per ton paid for the 1973-74 main crop, and an increase of 22 percent over the 450 Naira per ton received for the 1974 mid crop.

Jute and Kenaf Production Down

Jute and kenaf production in 1974-75 in the major producing countries affecting world trade (Bangladesh, India, and Thailand) is forecast at 5.1 billion pounds, a decrease of 23 percent from 1973-74 output. Planted acreage in the three countries in 1974-75 was down substantially from levels for the previous year. Excessive flooding reduced output in India and Bangladesh, while the relatively poor outlook for jute and kenaf as cash crops early in the season adversely affected plantings in all three countries.

More information appears in the October issue of "World Agricultural Production and Trade."

Cocoa Bean Grindings Fall

Reflecting tight supplies and record high prices, cocoa bean grindings by the leading consuming countries during the first 9 months of 1974 have declined from levels a year ago. The U.S. cocoa bean grind for the January-September 1974 period totaled only 180,713 metric tons, off 14.8 percent from the similar 1973 months when grindings were 211,966 tons.

The West German grind amounted to 99,643 tons, down 12.9 percent from the 9-month 1973 grind of 114,346. Grindings in the Netherlands totaled 84,480 tons, a reduction of 6.8 percent from the corresponding 1973 months when grindings were 90,620. The United Kingdom grind was 75,082 tons, off 7.5 percent from year-earlier levels of 81,178.

Mexico Sells Coffee to the USSR

On October 10, the USSR entered into a contract to buy 1,000 metric tons (16,667 bags of 60 kilos) of Mexican coffee. The average price is to be $1,200 per ton (54.43 cents per lb.). Total Soviet imports of coffee in 1973 amounted to only 640.000 bags.

Mexico hopes to open trade negotiations with other non-traditional buyers.

FRUIT, NUTS, AND VEGETABLES

West Germany Issues Asparagus Import Tender

West Germany has announced a tender allowing imports of canned asparagus spears from a large number of countries including the United States. Applications for licenses are being accepted now and can be submitted until March 24, 1975. Import licenses issued generally will be limited to 3 months, but not beyond April 30, 1975.

Italy's Processing Tomato Output Up

Favorable 1973 grower prices stimulated increased Italian plantings of tomatoes for processing in 1974 to about 284,000 acres, 5 percent above plantings for the previous year. Furthermore, grower contract prices in 1974 have been sufficiently high to offset increased costs of inputs. Ideal weather conditions during the growing season have generated high yields. Consequently, tomato field production is forecast at 3.3 million metric tons, up 10 percent from that of 1973. About 53 percent of the crop, or 1.75 million metric tons, is expected to be processed, up 14 percent from the quantity processed in 1973. Tomato quality is considered excellent.

In the northern region, raw product prices in 1974 for paste (28-30 percent solids) and canned whole tomato processing were set at about $64.30 and $90.80 per metric ton, f.o.b. farm, up 31 and 46 percent respectively, from 1973 levels. In the southern region, raw product prices for paste and canned whole tomato processing were reported at about $78.70 and $144 per metric ton, f.o.b. farm, 24 and 34 percent, respectively, above last year's levels.

Preliminary projections for 1974 place the output of tomato paste at 150,000 metric tons, one-fourth larger than that for last year. The pack of canned whole tomatoes is estimated at 450,000 metric tons, up 18 percent from last year's pack. Paste packed in large containers continued to be important

with 3-to-10 kilo cans accounting for 35 percent of total paste production, and drums for about 10 percent of the total.

The market for processed tomatoes is slow as buyers are waiting for price conditions to stabilize. A few small processors are reported recently to have offered canned whole tomatoes and paste at $331 and $772 per metric ton, down 13 and 4 percent, respectively, from prices this past August. Larger processors are resisting this trend.

During fiscal 1974, Italian imports of both canned whole tomatoes and paste increased considerably from those for 1973. Imports of canned tomatoes totaled 9,790 metric tons and paste, 39,555 metric tons. Greece and Argentina were the major suppliers of Italy's imported canned whole tomatoes, while Greece, Romania, and Portugal were the main suppliers of imported paste. High prices for Italian tomato products have been the primary cause for this increase.

Exports in fiscal 1974 of canned whole tomatoes and tomato juice were down by 8 and 20 percent from those of a year earlier, amounting to 151,681 and 11,816 metric tons, respectively. In contrast, paste exports were about the same as last year's, registering 88,879 metric tons.

Australia To Consider Almond Tariff Reductions

Australian importers and end-users of almonds have requested a hearing before the Industries Assistance Commission (similar to the U.S. Tariff Commission) to determine whether the current tariff rate of 12 percent ad valorem is justifiable in view of the limited supply of locally produced almonds. The petitioning groups are seeking duty-free entry.

Most end-users and importers were to testify at the public hearings, held in Sydney on October 28. In addition, Australian agents for the leading exporters in California were expected to testify in support of the reduction. The Ministry has requested the Commission to conclude its investigation by February 19, 1975.

Australia is a relatively important market for U.S. almonds. In fiscal 1974, the United States exported 1.2 million pounds of shelled almonds to Australia, valued at $2 million, f.a.s. position.

Mexican Strawberry Acreage Reduced

Planting estimates for the 1974-75 Mexican strawberry crop place total cultivated area at around 11,120 acres, a drop of 2,224 acres from the previous season. Current forecasts place plantings for the two principal producing areas, Zamora and Irapuato, at 6.672 and 4,448 acres; representing declines of 1,334 and 890 acres, respectively, from year-earlier levels. Preliminary border crossing figures of Mexican frozen strawberries entering the United States during October 1973-August 1974 period totaled 136.3 million pounds, compared to 128.7 million pounds during the same period of the previous season.

Japanese Onion Supply Improves

Due to favorable growing conditions, the 1974 Japanese onion crop currently is estimated to be between 1.05 million and 1.10 million metric tons. This represents a slight increase from 1973's weather-reduced crop of 0.99 million tons. The improved supply situation appears to be reflected in the Japanese wholesale market, where the current price is around 10 cents per pound, compared to a 15-16 cents range between September and November a year ago.

In fiscal 1974, U.S. onion exports to Japan amounted to about 38,522 metric tons, or about 49 percent of the total 80,407 tons exported by the United States that year. This compares to fiscal 1973, when Japan accounted for only 54 metric tons of total U.S. exports of 60,798 tons.

EC Ends Apple Export Subsidy

On October 7 the European Community Commission abolished the export subsidy of 3 units of account per 100 kilograms (approximately 70 cents per 42 lb. carton) for fresh apples shipped to Austria, Sweden, Norway, and Finland. The shorter European apple harvest presumbably precipitated this action by the Commission.

The subsidy, however, will remain in effect for apples exported to Africa (except South Africa), the Arabian Peninsula, Syria, countries with planned economies in Central or Eastern Europe, as well as Brazil, Venezuela, and Peru. Venezuela and Brazil are key markets for U.S. apples.

DAIRY AND POULTRY

EC Changes Poultry Levies

The European Community Poultry and Egg Management Committee agreed to the following changes in levies effective October 8: Supplemental levies in cents per pound on whole broilers and chicken halves and quarters were increased from 2.9 to 8.6 cents; turkey halves and quarters were reduced from 11.5 to 8.6 cents; other poultry legs from 25.8 to 11.5 cents; and boned poultry from 57.4 cents to zero.

The supplemental levies on turkey breasts, thighs, and drumsticks remain unchanged.

Austria Ups Milk Checkoff

The Austrian Government again has raised the checkoff from the milk price support in order to provide additional funds for subsidization of larger exports of dairy products. Since the beginning of 1974, the checkoff has been raised from 63 cents to $1.01 per 100 liters, for an increase of almost 91 percent. In terms of total sales proceeds, including support, the present checkoff of $1.01 per 100 liters means a reduction of more than 7 percent from dairymen's earnings. The Ministry of Agriculture hopes the reduction will prompt producers to use more milk on farms rather than bring it to market.

EC To Drop Poultry Export Subsidies

The European Community has announced that effective November 1, it will discontinue the export subsidy on broilers (6.3 cents per pound). Reportedly, egg subsidies also will be phased out. The EC Commissioner for Agriculture, Mr. P. Lardinois, stated that EC export subsidies on other meat items, such as pig meat and canned hams, also would be reduced. According to Mr. Lardinois, these moves would

be taken to avoid subsidizing cereal exports, in the form of poultry meat, eggs, and pig meat. The Commissioner stated that the EC livestock industry would have to limit production to consumer demand. He said the industry already had reduced poultry and pig meat production, but would have to do still more. Stabilization of the EC market by massive intervention, he stated, was out of the question.

GRAINS, FEEDS, PULSES, AND SEEDS

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Oct. 29	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-13.5	6.52	−12	5.70
USSR SKS-14	(1)	(1)	(1)
Australian FAQ[2]	(1)	(1)	(1)
U.S. No. 2 Dark Northern Spring:			
14 percent	6.42	+6	5.17
15 percent	(1)	(1)	(1)
U.S. No. 2 Hard Winter:			
13.5 percent	6.36	+7	5.55
No. 3 Hard Amber Durum	8.27	−16	6.87
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	(1)	(1)	(1)
Feedgrains:			
U.S. No. 3 Yellow corn	4.15	−12	3.02
Argentine Plate corn	4.51	+3	3.23
U.S. No. 2 sorghum	4.20	−1	3.20
Argentine-Granifero sorghum	4.26	+1	3.18
U.S. No. 3 Feed barley	3.64	−1	2.79
Soybeans:			
U.S. No. 2 Yellow	8.18	−93	6.34
EC import levies:			
Wheat	0	0	0
Corn	0	0	.34
Sorghum	0	0	.23

[1] Not quoted. [2] Basis c.i.f. Tilbury, England.
NOTE: Price basis 30- to 60-day delivery.

OILSEEDS AND PRODUCTS

U.S. Imports of Palm, Coconut Oil Decline

U.S. imports of copra, coconut oil, and palm oil during January-August declined sharply, compared with imports for the same 8 months of 1973.

Copra imports, at only 58.7 million pounds, were 82 percent less than the 331.4 million pounds taken through August of last year. No copra has been imported since March, because of a shortage of Philippine copra and the resulting export control measures taken by the Philippines. Moreover, U.S. crushing facilities for copra have ceased operations.

Coconut oil imports reached only 316.4 million pounds, compared with the January-August 1973 total of 500.6 million. Consequently, coconut oil and the oil equivalent of copra now stand at 354 million pounds, 50 percent less than comparable imports last year of 712.7 million.

Palm oil imports also declined. Through August of this year, palm imports totaled 213.6 million pounds, representing an 18 percent decline from the 260.6 million pounds imported during the same 8 months of 1973.

Peru's Anchovy Situation Reported

Fishing results in Peru during the first 2 weeks of October—the beginning of the fall fishing season—totaled 314,000 metric tons, equivalent to nearly 70,000 tons of fishmeal, according to the U.S. Agricultural Attaché in Lima. Quality and size of the fish were reported to be good, with an anchovy/fishmeal conversion rate of 22 percent.

Following the earthquake of October 4, fishing ceased for the weekend, but was resumed October 7-8 in the central fishing areas, and soon after in the other zones.

GENERAL

Germans Give Views On Trade Issues

According to a newspaper report, the Government of the Federal Republic of Germany (FRG) is "cautious and skeptical" about international commodity agreements. The FRG reportedly favors negotiating raw materials agreements with supply access provisions (described as "indispensable" in the agricultural sector) and negotiating international rules on export controls that would limit the measures now allowed under the General Agreement on Tariffs and Trade (GATT). However, the FRG would not include price provisions in these supply commitment agreements and favors "giving the most leeway to free trade." The Germans apparently envision that such agreements would consist of an exchange of tariff concessions on finished or semifinished products in return for access.

CCC Credit Line Set for Poland

A new line of credit under the Commodity Credit Corporation (CCC) program has been established for Poland covering the export of cotton, $8 million; tobacco, $4 million; rice, $10 million; and tallow, $6 million.

Terms provide for a 36-month credit period with equal annual payments of principal, plus accrued interest, for cotton and tobacco; and a 12-month credit period with payment of principal, plus interest at the end of the credit period, for rice and tallow. This line is effective through December 31, 1974.

Sales entered into prior to September 30, 1974, will not be eligible for financing. The guarantor is the Bank Handlowy Warszawie and/or other eligible banks.

Other Foreign Agriculture Publications

- World Grain Situation (FG 22-74)

Single copies may be obtained free from the Foreign Agricultural Service, USDA, Washington, D.C. 20250. Rm. 5918 S.; Tel.: 202-447-7937.

U.S. DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250

PENALTY FOR PRIVATE USE, $300
OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U.S. DEPARTMENT OF
AGRICULTURE
AGR 101

U.S.MAIL

If you no longer wish to receive this publication, please check here ☐ and return this sheet, or addressed portion of envelope in which publication was mailed.

If your address should be changed ☐ PRINT or TYPE the new address, including ZIP CODE, and return the whole sheet to:

Foreign Agricultural Service, Rm. 5918
U.S. Department of Agriculture
Washington, D.C. 20250

FOREIGN AGRICULTURE

PRC Fertilizer Output

Continued from page 9

ever gas and petroleum products are used in the manufacture of nitrogen fertilizer, and since the price of these imports has skyrocketed, the consequences to China as an importer of the finished products are unavoidable—soaring prices.

At the same time, the reliability of these sources has come into question because of their own rising needs. Japan, for instance, has traditionally been the largest of these fertilizer suppliers, but is likely to phase out of this position as it diverts more production toward meeting internal needs. Of course, with China producing its own feedstocks and finished products as well, the market for Japanese exports will also decline sharply.

On the other hand, phosphate rock from the Middle East, primarily Morocco, will continue to be a necessary import for China as long as the mining and extraction of domestic deposits remain at the present level. China annually consumes an estimated 3.5 million metric tons of phosphate rock, 1.3 million of which are imported.

Last year, for the first time, the PRC imported a small amount of this rock from Florida (50,000 metric tons) and this share may increase due to the anticipated growth of nitrogen supplies and the recognized need to balance the nutrient content of the country's fertilizer applications.

Potash likewise will continue to be a necessary import. Chinese officials recently stated that they will continue to look to Canada first to supply their future potash requirements. Between July and December 1974, Canada is to deliver 150,000 metric tons of potash to which the Chinese are expected to add 80,000-90,000 metric tons of domestically produced material during fiscal 1974-75.

With the constant pressure of Chinese population growth and the anticipated decline in Japanese fertilizer exports, China's supplies of essential food and fiber may again become marginally tight until the new fertilizer plants come on line and supply substantial quantities.

As a result, China may well look to the United States as a supplier of grain and cotton, as well as other commodities, despite the long-term grain agreements the PRC has with Canada, Australia, and Argentina.

Canadian Poultry Surplus

Continued from page 7

at an annual rate of nearly 17 million dozen, compared with 10.5 million (valued at $4.7 million) in all of 1973—an alltime high—and 1 million (valued at $300,000) the previous year.

These exports have been made possible by an incentive payment of an estimated 20 cents per dozen on the price of eggs sold to breakers.

While there has been no such surge in shipments of turkey meat to the United States, Canada has also been making efforts to dispose of other surplus poultry meat. For instance, early this year it negotiated a sale to Cuba of 16 million pounds of frozen processed broilers, at an estimated value of $4 million.

Officials of the U.S. Government have met with Canadian officials on several occasions concerning the trade restrictive quotas on products for which Canada had given the United States tariff concessions bound under the General Agreement on Tariffs and Trade.

☆ U. S. GOVERNMENT PRINTING OFFICE : 1974 582-176/16